

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7801

BILL NUMBER: SB 491

NOTE PREPARED: Mar 3, 2003

BILL AMENDED: Mar 3, 2003

SUBJECT: Wetlands.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **X GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill establishes a program for the issuance of permits for filling, dredging, or excavating certain wetlands.

Effective Date: July 1, 2003; Upon passage.

Explanation of State Expenditures: (Revised) This bill contains a number of rulemaking directives and requires the Department of Environmental Management (IDEM) to operate a wetlands permit program. Some of the rulemaking directives are included in the rulemaking that was preliminarily adopted by the Water Pollution Control Board, while other rulemaking directives are new. IDEM has historically operated the Clean Water Act's Section 401 Water Quality Certification program which no longer applies to "isolated wetlands." However, the creation of a state program to regulate isolated wetlands will not require new resources, except for provisions that call for the categorization of wetlands.

IC 13-18-22 directs the Water Pollution Control Board to establish a permit by rule. Rules on wetlands were preliminarily adopted by the board, but the rulemaking directives in SB 491 depart from the preliminarily adopted rule. Therefore, IDEM would incur additional staff costs associated with rulemaking development activities for the rulemaking directives in SB 491. These staff costs are indeterminate at this point but are not expected to be significant.

The bill directs IDEM to administer the wetland permit program. IDEM has historically operated a certification program for wetlands. Based on the proposal, many fewer wetlands will require an individual permit or 'certification,' so significantly fewer resources will be needed to review applications. However, the permits require categorization of wetlands in a manner that is not familiar to IDEM. Consequently, significant additional effort will be required to implement this provision. Resources needed for this activity are currently indeterminable.

The bill directs the board to adopt rules for designating a wetland as an outstanding state protected wetland. This requirement is not included in the preliminarily adopted rule. IDEM would incur additional staff costs for conducting the rulemaking and implementing this aspect of the program. Costs are currently indeterminable.

Section 21 requires the Environmental Quality Service Council (EQSC) to monitor implementation, make recommendations, and review the role of IDEM in certain permit programs. The EQSC must complete evaluate the tensions between existing programs for wetlands protection and for local drainage; recommend principles and policies for ameliorating those tensions; and submit a final report to the Governor and Legislative Services Agency before November 1, 2005. Legislative Council Resolution 02-02 (as adopted July 24, 2002) provided a budget of \$12,000 for committees with over 16 members. The EQSC would be subject to this budget under the existing resolution.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) The local government having authority over the property on which the wetland is located may approve the filling, dredging, or excavating of a wetland. This provision may result in additional administrative expenses for the local unit. The impact should be minimal.

Explanation of Local Revenues:

State Agencies Affected: IDEM

Local Agencies Affected: Local units that contain certain wetlands.

Information Sources: IDEM

Fiscal Analyst: Bernadette Bartlett, 317-232-9586